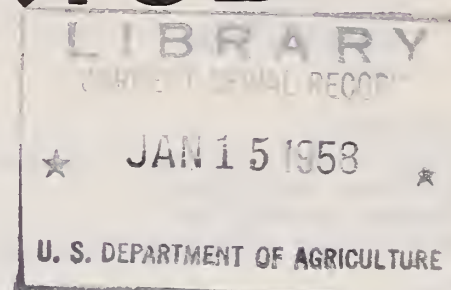


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

FOR RELEASE
APR. 25, A. M.
1957



DEMAND and PRICE SITUATION

DPS-28



Approved by the Outlook and Situation Board, April 19, 1957

AGRICULTURAL SITUATION AND OUTLOOK

A continued high level of domestic demand for farm products is likely in 1957. The flow of consumer income in the first quarter of 1957 was 5 percent greater than in the first quarter of 1956 and retail sales of food stores were about 7 percent larger. Although the rise in economic activity has leveled off, consumer incomes should continue the rest of this year higher than in 1956.

Foreign takings of U. S. farm products are also at a record rate. The value of exports for fiscal 1956-57 may total almost a third larger than the $3\frac{1}{2}$ billion dollars of 1955-56, reflecting substantial increases in cotton and wheat exports; shipments under various export programs still account for more than 40 percent of the total. However, some slackening in exports is possible in the last half of 1957 as the backlog in export program shipments is worked down.

A cut in crop production appears likely this year if farmers carry out their spring planting intentions and if weather conditions are average. Planted acreage may be down 3 to 4 percent from 1956 and the

(Continued on page 3)

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1956			1957		
		Year	Mar.	Dec.	Jan.	Feb.	Mar.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	143	141	147	146	146	146
All manufactures	do.	144	143	149	147	147	147
Durable goods	do.	159	157	167	164	164	163
Nondurable goods	do.	129	128	130	131	131	131
Minerals	do.	129	129	131	130	131	135
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	44,258	3,570	3,729	3,769	3,740	3,695
Private residential	Mil. dol.	15,339	1,268	1,239	1,211	1,187	1,151
Housing starts <u>3/</u> <u>4/</u>	Thousands	1,118	1,094	1,030	1,010	910	880
Construction contracts awarded <u>5/</u>	Mil. dol.	24,413	2,382	1,576			
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	27,586	27,095	28,691	29,183	29,179	
Durable goods	Mil. dol.	13,720	13,294	14,507	14,642	14,722	
Unfilled orders-sales ratio <u>6/</u>		4.13	4.08	4.10	4.05	4.01	
Inventory-sales ratio <u>7/</u>		1.78	1.75	1.79	1.76	1.78	
Durable goods		2.06	2.06	2.06	2.04	2.05	
Employment and wages: <u>8/</u>							
Total civilian employment <u>9/</u>	Million	65.0	63.1	64.6	62.6	63.2	63.9
Nonagricultural <u>9/</u>	do.	58.4	57.4	59.4	57.6	58.0	58.4
Unemployment <u>9/</u>	do.	2.6	2.8	2.5	3.2	3.1	2.9
Workweek in manufacturing	Hours	40.5	40.4	41.0	40.1	40.2	40.0
Hourly earnings in manufacturing	Dollars	1.98	1.95	2.05	2.05	2.05	2.05
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	325.2	318.6	334.0	335.0	336.7	
Consumer credit outstanding <u>1/</u>	Mil. dol.	41,863	37,761	41,863	40,916	40,513	
Automobile	Mil. dol.	14,436	13,743	14,436	14,389	14,410	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	15,956	15,740	16,491	16,439	16,494	
Durable goods	Mil. dol.	5,485	5,466	5,814	5,706	5,742	
Inventory-sales ratio <u>7/</u>		1.49	1.51	1.45	1.46	1.45	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	114	113	116	117	117	117
Commodities other than farm and food	do.	122	121	125	125	126	125
Farm products	do.	88	87	89	89	89	89
Foods processed	do.	102	99	103	104	104	104
Consumer price index, all items <u>4/</u>	1947-49=100	116	115	118	118	119	
Food	do.	112	109	113	113	114	
Prices received by farmers <u>10/</u>	1910-14=100	236	228	237	238	234	237
Crops	do.	242	236	240	239	233	236
Livestock and products	do.	230	221	234	237	234	238
Prices paid, interest, taxes and wage rates <u>10/</u>	1910-14=100	286	282	290	292	294	295
Family living items	do.	278	274	283	283	284	284
Production items	do.	249	246	252	255	256	259
Parity ratio <u>10/</u>		83	81	82	82	80	80
Farm income and marketings: <u>10/</u>							
Volume of farm marketings	1947-49=100	118	89	128	119	95	
Cash receipts from farm marketings	Mil. dol.	29,999	1,816	2,728	2,530	2,001	

Annual data for most of these items for the years 1929, 1932 and 1939-56 appear on page 31 of the April 1957 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data for 37 Eastern States, compiled by the Department of Commerce from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ Starting with January 1957, figures are not strictly comparable with earlier periods because of changes in definitions of employment and unemployment. 10/ U. S. Department of Agriculture, Agricultural Marketing Service.

- - - - -
T H E D E M A N D A N D P R I C E S I T U A T I O N
- - - - -

Approved by the Outlook and Situation Board, April 19, 1957

CONTENTS

	<u>Page</u>		<u>Page</u>
: Agricultural Situation and		: Feed	21:
: Outlook	1	: Wheat	22:
: General Economic Conditions ...	6	: Rice	23:
: Foreign Demand	12	: Commercial Vegetables	24:
: Agricultural Prices and Incomes	15	: Potatoes and Sweetpotatoes	25:
: Livestock and Meat	17	: Fruit	26:
: Dairy	18	: Cotton	27:
: Poultry and Eggs	18	: Wool	28:
: Oilseeds, Fats and Oils	19	: Tobacco	29:

Continued from cover page -

smallest since World War I. Large acreage cuts likely for wheat, corn, cotton, rice and tobacco are generally in line with goals of the Soil Bank program. The reductions are only partly offset by increased plantings scheduled for sorghums, barley and soybeans. According to recent reports, more than 21 million acres have been signed under the 1957 Acreage Reserve including nearly 13 million acres of wheat, over 5 million acres of corn and 3 million acres of cotton as well as smaller acreages of rice and tobacco. Although reductions in output are likely for these crops, carryover stocks at the beginning of the season will still be large. In the current marketing year stocks of cotton, wheat, and rice are being reduced by heavy exports. Carryover stocks of corn, on the other hand, are expected to reach a new high.

Combined output of livestock products this year may total about the same as in 1956. A smaller output of hogs and eventually eggs probably will be offset by increased production of dairy products, broilers and turkeys; continued large production of beef cattle is in prospect. Later in the year cattle slaughter may ease and hog slaughter will stay below a year earlier for much of 1957.

Prices received by farmers in the first quarter of 1957 averaged 4 percent higher than a year earlier. No significant change from the current level appears to be in prospect in coming months and prices for the year may average

: The next issue of The Demand and Price Situation is scheduled for release on May 23.

a little above 1956. Livestock prices will probably continue to average higher but the average of crop prices may run lower. Because of big supplies, lower support prices have been announced for 1957 crops of cotton, major feed grains and oil crops. Other support prices are much the same this year as last.

Prices paid by farmers, including interest, taxes and farm wage rates, averaged close to 5 percent higher in the first quarter of 1957 than in the same period a year earlier. Price increases have occurred in most major industrial items purchased by farmers for living and for farm production. Farm wage rates on April 1 averaged 4 percent higher than a year earlier. Interest charges and farm real estate taxes have increased 8 percent and 5 percent, respectively this year. The parity ratio, currently at about 80, is slightly below a year earlier and may well continue slightly lower this year.

Although smaller farm output will likely bring some reduction in cash receipts from farm marketings, there will be a substantial increase in government payments to farmers for participation in the Soil Bank program. The broad trend of rising cost rates to farmers is bringing increases in production expenses even though acreage is being reduced slightly. The increases largely reflect rising interest and tax payments, together with higher depreciation charges on capital equipment. These overhead items are affected little by reduced acreage. Nevertheless, a further increase in farm operators' realized net income is likely this year, perhaps close to the 4 percent increase that occurred in 1956.

Combined spending for all goods and services--the Gross National Product--reached a record rate of 427 billion dollars in the opening quarter of 1957. This was 6 percent above January-March 1956, but less than one percent more than in the closing months of last year. Industrial production in March (seasonally adjusted) was steady at 146 percent of 1947-49, compared with 147 in December and 141 in March 1956. Total employment was substantially higher than March last year. With increased employment and higher wage rates, consumer income (after taxes) was at a first-quarter rate of 295 billion dollars, 5 percent higher than in January-March last year. Retail sales have held fairly steady at a level some 5 percent above the early months of 1956.

A leveling off in business investment outlays in the last half of 1957 is indicated by a recent survey of capital expenditure plans made by the Commerce Department and Securities and Exchange Commission. Capital outlays planned for 1957 as a whole total 6 1/2 percent larger than the high rate of 1956. Scheduled reductions in capital expansion by auto and textile manufacturers and by retail firms are more than offset by increases planned by public utilities, the railroads, and many manufacturers of capital goods.

Business investment in inventories slackened in the early months of this year. Although goods on hand at the end of February had a book value some 6 1/2 percent greater than a year earlier, the ratio of inventories to sales is still relatively low. Prospective trends in demand suggest little net change in inventories in coming months.

Outlays for private nonresidential construction, currently about 8 percent above a year ago, also are expected to change little in 1957. However, expenditures on residential building in the first quarter were down 7 percent from a year earlier and new home starts were 18 percent lower. For 1957 as a whole housing starts are expected to total less than a million units. But bigger homes, higher costs, and increased outlays for alteration and repair will again help to maintain expenditures on residential construction.

The uptrend in demands from Federal, State and local Governments is scheduled to continue in 1957 and will likely offset any weakness that may develop in other parts of the economy. Expenditures by the Federal Government in the first quarter were almost 7 percent larger than in January-March 1956 and are scheduled to rise further, primarily because of larger outlays for national defense programs. Demands by State and local Governments are also increasing; the first quarter rate this year was up 9 percent from a year earlier. The rise in the coming year may be more rapid, especially if work picks up on the new highway program. Expenditures for schools and other local facilities also are expanding in most areas.

Consumer buying this year probably will respond to continued high consumer incomes. Purchases of food, other nondurable goods, and services will likely rise. New car sales so far this year have totaled about the same as last year. A recent survey of consumer buying plans suggested that 1957 sales of autos, household appliances and other durable goods will be at least as strong as in 1956.

Commodity Highlights

Cattle marketings will continue large but are likely to drop below a year earlier later this year. Some further improvement in fed cattle prices seems probable but a rapid summer advance similar to that of last year is unlikely.

Hog marketings will continue below a year earlier for most of the spring and summer but the margin will gradually diminish. Prices are likely to hold above last year during the summertime rise.

Prices to farmers for milk and butterfat during the rest of this year are likely to be about the same as a year earlier. National support levels are unchanged and production and supplies will continue large.

As a result of sharp cuts in hatchings of replacement chicks, egg production is expected to be smaller and prices are likely to rise above a year earlier late this summer.

Broiler supplies continue heavy, but recent increases in chick placements and egg settings in incubators over a year earlier have been progressively smaller.

Prices of edible oils are likely to be maintained near present levels through the rest of the crop year. Prices this spring, however, will probably not equal the seasonal high of last spring.

Large supplies of feed grains and other concentrates are again in prospect for 1957-58. Although production may show a small decline from the previous year, larger stocks will be carried into the 1957-58 feeding year.

Some further reduction in the wheat carryover is likely by the end of the 1957-58 marketing year, to judge from the April 1 condition of the winter wheat crop, farmers' March 1 planting intentions, and prospective disappearance.

Greatly increased exports of rice will substantially reduce the very large carryover by August 1, 1957, the end of the current marketing year.

Prices of late spring vegetables for fresh market are expected to average below the high levels of a year earlier, when the harvest was delayed by cool weather.

With large supplies in prospect, prices received by potato growers are expected to average lower this spring than in the corresponding months of 1956.

Prices for most fruits this spring will probably continue above a year earlier.

Reflecting sharply increased exports, disappearance of cotton during the 1956-57 marketing year is expected to total about 15.8 million bales, 4.4 million more than in the preceding season. The carryover is expected to decline by about $2\frac{1}{2}$ million bales from the $14\frac{1}{2}$ million last August.

Wool prices in early April, when the 1957 domestic wool marketing season opened, were 10 to 30 percent higher than a year earlier.

The 1957 output of cigarettes, the leading outlet for flue-cured, burley, and Maryland tobacco, is expected to top the previous record of 1952.

GENERAL ECONOMIC CONDITIONS

Economic activity increased slowly in the first three months of this year, after the more rapid rise of 1955 and 1956. The value of total output in January-March--the Gross National Product--according to preliminary estimates increased 3 billion dollars from the fourth quarter of 1956 to an annual rate of 427 billion, nearly 24 billion above the first quarter of 1956 (table 1). Much of the increase over the quarter reflected higher prices rather than larger real output.

The principal weak spots in the economy in 1956 failed to improve in the first three months of 1957. New home starts declined further to 880,000 in March, a fifth below a year earlier. New car sales through March failed to gain over last year's reduced level. In addition, business outlays for new

plant and equipment, one of the principal contributors to the economic expansion of last year, may show little further increase during the remainder of 1957. Consumer income is also rising more slowly than during the past year. However, government spending has risen at an accelerated rate in recent months and in the first quarter was 6 billion dollars or nearly 8 percent above a year earlier.

Business Investment Demand

After two years of rapid growth, capital goods spending appears to be leveling off. The Commerce Department and the Securities and Exchange Commission report that outlays for new plant and equipment, estimated at a seasonally adjusted annual rate of almost 37 billion dollars in the first quarter, will rise to 38 billion dollars in April-June and will hold close to this rate for

Table 1.- Gross national product or expenditure, 1955-57

(Billions of dollars, seasonally adjusted annual rates)

Item	:	1955	1956					1957
			I	II	III	IV	Year	I 1/
Gross national product	:	390.9	403.4	408.3	413.8	423.8	412.4	427.0
Personal consumption	:	254.0	261.7	263.7	266.8	270.9	265.7	275.0
Durable goods	:	35.7	34.8	33.4	33.0	34.8	34.0	35.5
Nondurable goods	:	126.2	130.5	132.3	134.0	134.7	132.9	136.5
Services	:	92.1	96.4	98.0	99.7	101.4	98.9	103.0
Gross private domestic investment	:	60.6	63.1	64.7	65.1	68.5	65.4	64.5
New construction	:	32.7	32.6	33.6	33.6	32.9	33.2	32.5
Residential (nonfarm)	:	16.6	15.3	15.6	15.5	14.9	15.3	14.2
Other	:	16.1	17.3	18.0	18.1	18.0	17.8	18.3
Producers' durable equipment	:	23.7	26.4	27.5	29.5	31.5	28.7	32.0
Change in business inventories	:	4.2	4.1	33.5	2.0	4.1	3.5	0
Net foreign investment	:	-0.5	.1	1.2	1.7	2.4	1.4	3.0
Government expenditures for goods and services	:	76.8	78.5	78.7	80.2	82.0	79.8	84.5
Federal (excluding sales)	:	46.7	46.4	46.1	47.2	48.3	47.0	49.5
National security	:	41.2	40.5	40.7	41.9	43.2	41.6	44.5
State and local	:	30.1	32.1	32.6	33.0	33.7	32.8	35.0

1/ Preliminary

Source: U. S. Department of Commerce. Preliminary estimates for the first quarter of 1957 by the Council of Economic Advisers.

the remainder of 1957. Gains in public utilities and railroads are expected to offset declines between now and December in outlays in commercial and other (trade, service, finance, communication and construction) industries. Outlays by manufacturing firms, the principal source of the rise in plant and equipment spending since 1955, are expected to level off in 1957 at a rate about 10 percent above 1956. This same leveling is suggested by a recent survey of capital appropriations by manufacturing firms by the National Industrial Conference Board. This report shows that new funds earmarked for capital expansion, as well as the backlog of unspent appropriations, declined a little in the last quarter of 1956 but remained well above a year earlier.

Inventory Investment Slows

Businessmen added 6.4 billion dollars worth of goods to inventories during 1956. The rate slackened in the first quarter of 1957 with much of the gain due to higher prices. Although inventories have grown steadily since the closing months of 1954, stocks are still not large in relation to the expanded volume of trade. This is true especially of retail trade, where the ratio of inventories to monthly sales in February was 1.45, compared with 1.58 a year earlier.

Homebuilding Declines Further in Early 1957

Residential construction, after trending downward throughout 1956, took a further sharp drop in the early months of 1957. Outlays for new homes in January-March were at a seasonally adjusted annual rate of 14.2 billion dollars, 7 percent below the corresponding months of 1956 and 17 percent below the peak third quarter of 1955. Housing starts fell to a seasonally adjusted annual rate of 910,000 in February and 880,000 in March, compared with an average of 1.1 million in 1956. Applications for FHA mortgage commitments and VA appraisal requests were down one-third and one-half respectively in March from a year earlier. An important factor in the decline has been the relative scarcity of credit to finance homebuilding. Building costs also have risen. Spending for home building declined less than housing starts because of increased outlays for additions and alterations to existing housing, higher building costs, and the trend toward larger and more fully equipped homes.

Government Demand

Government spending for goods and services increased substantially during the past year. Outlays in the first quarter of this year are estimated at a record annual rate of 84.5 billion dollars, compared with 78.5 billion a year earlier. About half of the rise was in Federal and half in State and local outlays.

From the post-Korean low of 45.7 billion dollars in the fourth quarter of 1954, the Federal Government has stepped up its purchases of goods and services to a rate of 49½ billion in the opening months of 1957. The rise during this 2½ year period has come entirely in national security expenditures; other Federal expenditures totaled a little lower in January-March 1957 than at the close of 1954. Some further increase in Federal expenditures is in prospect for the remainder of 1957. According to the budget now being considered by Congress, purchases of goods and services could rise by almost 3 billion dollars above the 48 billion estimated for the fiscal year ending this coming June 30.

States and their local subdivisions also increased outlays during 1956, as they have every year since World War II. The 3 billion dollar gain in the year ending in the first quarter of 1957 brought expenditures to a rate of 35 billion dollars. Increased payrolls and heavy requirements for construction of roads, schools, and many other facilities have been primarily responsible for the uptrend which has averaged about 9 percent annually in recent years. Increased Federal aid for highways is expected to contribute to a further increase in State and local spending in 1957.

Consumer Income and Spending

Consumer income continued its uptrend in 1956 and early 1957. After deducting taxes, consumer income in the first quarter of 1957 reached a seasonally adjusted annual rate of 295 billion dollars, for a gain of 5 percent from the corresponding months of 1956. Consumer expenditures on goods and services also increased about 5 percent. Outlays for durable and non-durable goods rose less sharply than services. Food store sales also increased in response to rising consumer incomes.

The increase in consumer spending was accompanied by further growth in the use of consumer credit. From 37½ billion dollars of credit outstanding at the end of February 1956, the total rose 8 percent to 40½ billion dollars a year later. This was equivalent to almost 14 percent of first quarter consumer disposable income. The rise in consumer debt, however, was only half as great as in the preceding 12 months. Automobile debt especially grew more slowly, as sales of new cars declined from the 1955 peak. However, new credit extended on autos, along with all other principal categories of consumer credit, has continued to exceed repayments.

Sales by retail stores have changed little in the first 3 months of 1957 from the record rate of last December. March sales totaled 16.3 billion dollars (after seasonal adjustment), 1 percent less than in February but 4 percent above the corresponding month of 1956. Durable goods sales fell 3 percent in March to a level only 2 percent greater than a year earlier. Sales of nondurable goods have been stable since the start of 1957, and in March bettered the year-earlier rate by 5 percent. The dollar volume of

retail sales in February (the latest month for which detailed information is available) was up from a year ago by 8 percent for food stores, automotive dealers, and drug and proprietary stores; 12 percent for gasoline service stations; 7 percent for apparel stores; and 4 percent for dealers in furniture and appliances.

A recent survey of consumer spending plans suggests a 1957 market for most consumer durable goods at least as strong as last year. Sixteen percent of respondents--the same proportion as in 1956--indicated that they intended to buy a new or used car in 1957, and the average planned outlay was somewhat greater. A slightly smaller proportion of consumers reported plans to buy new or existing homes, but a larger proportion than last year plan outlays for home improvement or maintenance. There was little change in plans to buy furniture and household appliances.

If consumer spending on durable goods and business capital outlays match reported intentions and Government outlays rise as anticipated, the resulting increase in employment and income should be sufficient to keep total consumer income rising in 1957. Purchases of food and other nondurable goods are likely to rise as incomes increase. Spending for personal services is also expected to increase further in the remainder of 1957, partly because of higher prices.

Output and Employment

Industrial output, as measured by the Federal Reserve Board's seasonally adjusted index, held unchanged in the first three months of 1957 at 146 percent of the 1947-49 average, 1 point below the record set last December. Expanded output of crude oil and soft coal raised the minerals index 4 points from February to March to 135, a new record. March output of nondurable manufactures regained its earlier record level of 131, as production of textiles and leather products showed some recovery from the reduced January rates.

Durable goods output, however, eased slightly in March, reflecting a drop in production of primary metals. Steel mill operations were down to 91 percent of capacity in early April largely as a result of reduced deliveries to auto producers. The operating rate averaged 97 percent in January and February. Auto assemblies also declined in March and early April. Production of some consumer appliances has been reduced substantially from late 1956. Television set output has been maintained recently at levels some 30 percent below last October.

With factory output running several percent above a year earlier and with some price advance, manufacturers' sales in the first 2 months of 1957 averaged 7 percent greater than in the corresponding period of 1956. New orders have shown little change since the second half of 1956. Declines in new orders for primary metals and for machinery have been about offset by gains in nondurable goods. Since December, incoming business has fallen short of deliveries so that the backlog of unfilled orders has declined. At the end

of February unfilled orders totaled 61.7 billion dollars, compared with 62.4 billion in December and 57.1 billion in February 1956.

Rise in Employment Slows

Civilian employment increased more than usual during 1956 but in recent months the rise has slowed. In the first quarter of 1957 the number employed averaged 63.2 million, a gain of 400,000 from a year earlier. Employment in manufacturing industries declined from December to March. The average work-week in manufacturing has also declined since the end of 1956 and in March was 40.0 hours, compared with 40.4 a year earlier.

Unemployment in early 1957 averaged 3.1 million, about 4.7 percent of the labor force. As a result of a change in definition, this figure includes some 200,000 to 300,000 persons temporarily laid off or waiting to start new jobs, who were formerly classified as employed. On a comparable basis, unemployment in recent months has been almost the same as the low level of early 1956.

Farm employment, as reported by the Agricultural Marketing Service, increased about seasonally in March to 6.4 million persons. This was 3 percent fewer than a year earlier. The decline since last March was entirely in family workers and was attributable in part to unusually wet weather in the eastern half of the country. However, there is no apparent halt in the long-time downtrend in the number of farm workers. In March, the seasonally adjusted index of farm employment was 57 percent of 1910-14, compared with 59 a year before and a March average, 1952-56, of 63.

Price Trends

A substantial part of the increase in the value of output of goods and services in 1956 and early 1957 has been due to higher prices. A strong market for most consumer and investment goods, near capacity output, and rising costs of production caused wholesale prices to increase 3.6 percent between March 1956 and March 1957 and consumer prices to advance by the same proportion over the year ending February.

The rise in wholesale prices appears to have slowed somewhat in recent months. From last September to March this year the index rose only half as much as in the preceding six months, and since January it has held virtually stable. Prices of finished goods and intermediate materials continued to rise during the first quarter of 1957, but crude materials, especially scrap steel, copper, and scrap aluminum, declined.

Prices paid by urban consumers reached a record 118.7 percent of 1947-49 in February, according to the Bureau of Labor Statistics index. This was 3.6 percent higher than in February 1956. Food prices were 4.4 percent higher, and transportation costs were up 5.9 percent. In no major category were consumer prices in February lower than they were a year before. Commodities advanced more than services from February 1956 to February 1957, but in the past several months prices of services have increased more sharply than commodities.

The Agricultural Marketing Service index of prices of farm family living items was unchanged in March from the February record of 284, nearly 4 percent above a year earlier. Higher prices for food and household furnishings were offset by lower clothing prices.

FOREIGN DEMAND

World Trade and Financial
Developments

During 1956 world trade increased 11 percent in value and foreign gold and dollar assets continued to grow for the fifth consecutive year. Holdings by free world foreign countries at the end of the year amounted to 28 billion dollars, 2 billion above a year earlier and about 50 percent above March 1952 when the current rise began. All major trading areas added to their gold reserves and dollar holdings during 1956 (table 2). However, nearly one-third of the rise represented extensions of funds by the International Bank and International Monetary Fund to foreign countries, and substantial gold sales by the USSR. As in previous years, the bulk of the increase in dollar reserves of foreign countries derived from net dollar receipts from the United States.

Table 2.- Estimated foreign free world gold and short term dollar holdings, December 1956

Area	: : Dec. 31, : 1956 : Mil. dol.	: : Change from : Dec. 31, : 1955 : Mil. dol.	: : Change from : Dec. 31, : 1951 : Mil. dol.
Continental Western Europe	: 14,148	908	7,030
Sterling area	: 3,922	220	149
Canada	: 2,628	455	471
Latin American Republics	: 4,119	330	759
Japan	: 1,167	138	438
Other Asia, and Africa	: 1,958	38	174
Total foreign countries	: 27,942	2,089	9,021
International institutions	: 3,144	-545	-27
Total above	: 31,086	1,544	8,994
Increase derived from U. S. sources	: :	1,061	6,530
Increase from newly mined gold, etc.	: :	483	2,464

Board of Governors, Federal Reserve System.

The excess of foreign receipts from the United States over expenditures of U. S. dollars totaled 1.5 billion dollars in 1956, about the same as in 1955 (table 3). This surplus was used to increase foreign short and long term dollar assets. The continued growth in foreign assets in 1956 occurred even though the U. S. exported 3.6 million dollars more goods and services than it imported. This export surplus was 1.6 billion more than in 1955 and nearly $2\frac{1}{2}$ times as high as the 1953-55 average.

Table 3.- United States balance of payments 1953-56
(excluding military grants and aid)

	:	:	:	:	Change	
	:	1953-55	:	1956	:	from
	:	:	:	:	:	1955
	:	Mil. dol.		Mil. dol.		
U. S. receipts	:					
U. S. surplus on goods and services	:	1,481		3,560		1,568
Unrecorded transactions and other	:	<u>227</u>		<u>619</u>		<u>168</u>
Total	:	1,708		4,179		1,736
Foreign receipts	:					
U. S. grants and loans	:	1,895		2,292		125
U. S. private capital outflow	:	1,050		2,746		1,593
Pensions, private gifts, etc.	:	<u>596</u>		<u>640</u>		<u>43</u>
Total	:	3,541		5,678		1,761
Increase in foreign gold and dollar assets	:	1,833		1,499		25

Almost the entire rise in the U. S. export surplus was offset by an unprecedented outflow of U. S. private capital, totaling 2.7 billion dollars. In addition there was a small net rise in U. S. economic aid, largely as a result of disbursements to foreign countries from the proceeds of sales of agricultural commodities for foreign currencies. The outflow of U. S. private capital was a major factor in last year's accumulation of dollar assets by Western Europe, Canada and Latin America. Equally important in building up the dollar assets of Canada was the transfer to this country of the dollar earnings of other areas. U. S. military expenditures abroad added significantly to the dollar earnings of Western Europe and Japan. On the other hand, the relatively small increase in the reserves of the underdeveloped Asian countries was made possible by large scale U. S. economic aid expenditures in that area.

The outlook for the remainder of 1957 is for continued stability in international trade and financial relations. The Suez crisis did not halt the trend toward the reduction of foreign trade and payment barriers; adequate funds were marshalled to bolster weakened currencies and assist in temporary balance of payments difficulties. The International Monetary Fund, in addition to lending foreign countries nearly 700 million dollars in 1956 (mainly to the United Kingdom), has made available 1.1 billion dollars in case of future need. The International Bank which disbursed 290 million dollars during 1956, has authorized additional loans totaling 814 million dollars. The prospect for a continued high level of economic activity indicates continued high imports into this country. U. S. military expenditures abroad (exclusive of grants) may decline from the 1956 level of 2.9 billion, but will remain relatively large. A large volume of U. S. Government funds will be available from previously authorized but unexpended mutual security appropriations and from the proceeds of foreign currency sales. Economic conditions abroad and the level of foreign interest rates seem favorable to continued large scale U. S. private capital outflow. The development of a free trade area in Europe as a result of the Common Market Treaty will tend to encourage investment in that area. All these factors will tend to maintain or strengthen the purchasing power of foreign countries.

Agricultural export programs under Public Law 480 will continue to help those countries needing more farm commodities than they can finance with their own resources. An additional 1 billion dollar authority for foreign currency sales is being considered by Congress. A 1 year extension of PL 480 has been approved by the Senate. In addition to the expanded sales authority, it provided an additional 300 million dollars for donations of surplus commodities and would permit barter with Iron Curtain countries.

Export Outlook

The value of agricultural exports in 1956 rose 30 percent from the previous calendar year to a record high of 4.2 billion dollars. Thus far in 1957 exports are exceeding the July-December 1956 rate of 2.3 billion dollars and a high rate appears likely to be maintained through June. During the second half of 1957, however, some slowing down in the rate of exports appears likely, partly because the previous backlog in export program shipments will have been liquidated.

Exports for the fiscal year ending June 1957 may be almost one-third above the 1955-56 total of 3.5 billion dollars. The increase will reflect an anticipated one-third rise in volume--notably in cotton, rice and wheat. Of the 1956-57 total about 43 percent (2 billion dollars) will represent shipments under U. S. Government donation, loan, barter, and foreign currency sales programs. Government financed exports in 1955-56 accounted for 40 percent (1.4 billion dollars) of the total.

Foreign demand for U. S. cotton at competitive world prices has been strong and exports in 1956-57 will be more than three times the previous year's low of 2.2 million bales. Wheat and flour exports have been stimulated by damage to the European crops during the winter of 1956 and will total close to 475 million bushels, 38 percent above last year. Rice exports, aided by U. S. export programs and the virtual liquidation of foreign old-crop stocks, will be more than double last year's total of 12 million bags. Exports of fats and oils will be somewhat above the 4.4 million pounds (oil equivalent basis) exported last year as exports of soybean oil more than offset a drop in lard exports. Continued large scale donations of dairy products and somewhat larger exports of meats and eggs will help maintain exports of livestock products, other than fats and oils, at or above last year. A 15 percent decline in tobacco exports, as a result of last year's heavy foreign restocking, will reduce exports to around 500 million pounds. Also, heavy foreign supplies will cause about a 20 percent reduction in exports of feed grains (particularly barley and sorghums) from last year's total of 8.4 million short tons. Other exports, including fruits and vegetables, will generally equal or exceed last year's level.

AGRICULTURAL PRICES AND INCOMES

Farm product prices continued somewhat above year-earlier levels in the first three months of 1957. In March the Index of Prices Received by Farmers gained 3 points (1 percent) to 237 percent of the 1910-14 average compared with 228 a year before (table 4). Crop prices averaged the same as in March 1956, but prices of meat animals and dairy products were higher.

The rise in average prices of farm products from March 1956 to March 1957 was accompanied by a slightly greater increase in Prices Paid by Farmers for commodities and services (the Parity Index). As a result, the ratio of prices received to prices paid--the parity ratio--in March 1957 was 80, 1 point below a year earlier.

Supplies of most farm products remain heavy. Output of both crops and livestock reached record levels in 1956, and the carryover of such major crops as wheat, corn, and cotton were record large. Smaller marketings of hogs in the early months of 1957 have been primarily responsible for a slight decline in volume of farm marketings from a year before. The small decline in marketings, however, was more than offset by the improvement in farm product prices. Farmers' cash receipts from marketings in the first three months of 1957 totaled 6.4 billion dollars, slightly more than in the same period of last year. The gain was due largely to an increase of 6 percent in receipts from livestock and products to 3.9 billion dollars. Receipts from cattle and hogs were well above a year ago because of higher prices. Milk prices were a little higher than in 1956 and receipts from dairy products were up 6 percent. Crop receipts in the first quarter were approximately 2.5 billion dollars, down slightly from the first quarter of last year mostly because of smaller marketings of wheat and cotton.

Table 4.- Agricultural prices, March 1956, and
October 1956 - March 1957
(1910-14=100)

Item	1956				1957		
	Mar.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Prices received, all farm products	228	234	234	237	238	234	237
Crops	236	232	239	240	239	233	236
Livestock and products	221	236	230	234	237	234	238
Prices paid, interest taxes and wage rates	282	287	289	290	292	294	295
Family living	274	279	281	283	283	284	284
Production	246	250	252	252	255	256	259
Parity ratio	81	82	81	82	82	80	80

Cash receipts in March totaled 1.9 billion dollars, 3 percent above March of 1956. Receipts from livestock and products were 1.3 billion dollars, slightly more than last year due to higher prices for meat animals and larger marketings of dairy products. Crop receipts of about 0.6 billion dollars were nearly the same as a year ago with larger marketings of corn offsetting smaller sales of wheat.

With farm operating expenses somewhat higher in the first quarter than a year earlier farmers' realized net income in the first three months of 1957 including Government payments under the Soil Bank and other programs is estimated at a seasonally adjusted annual rate of 12.0 billion dollars, compared with 11.6 billion in the corresponding months of 1956.

Farm Product Prices

Rise on Central Markets

Central market quotations for many important farm commodities gained in the second half of March and early April. Prices of beef cattle at Chicago averaged about 5 percent higher in early April than four weeks earlier and hogs (barrows and gilts, also at Chicago) were up almost as much. Prices of midwestern eggs declined in late March but regained the loss by the second week in April. North Georgia broilers showed a net gain of about 3 percent over the four-week period. Feed grain quotations generally rose in the second week of April but remained below their mid-March levels. Oilseeds were also slightly lower. However, wheat (No. 2 Hard Winter, at Kansas City) advanced slightly in the second week of April for a small net gain over mid-March.

LIVESTOCK AND MEAT

Moderate decreases in livestock production have set the stage for somewhat higher meat animal prices to producers this year. Cattle marketings will continue large but will likely drop below a year earlier later in the year. Hog slaughter will stay below a year before for much of 1957. Lamb slaughter, currently below last year, may total a little less for 1957 as a whole. Demand for meat will likely remain about unchanged.

So far this year meat production has totaled about 5 percent less than in the corresponding months of 1956. Pork output has been down sharply. Lamb and mutton production has been down a little but beef and veal output has been up a bit. Meat animal prices have averaged considerably above early 1956.

A smaller cattle slaughter in the second half of 1957 than of 1956 is expected because of smaller inventories, some losses due to severe western storms, and the likelihood of smaller marketings off grass this fall following improved ranges. Feeding will likely continue at a high level during the year. The number of cattle and calves on feed April 1 in 13 leading States was 4 percent above last April. Producers intended to market a smaller proportion during April-June than in these months last year.

Some further improvement in fed cattle prices seems indicated, although a rapid summer advance similar to last year's is not expected. Prices of stocker and feeder cattle in mid-April were \$2.00-2.50 per 100 pounds above last April. Prices will decline seasonally from this level but will likely maintain a modest margin over 1956 prices the rest of the year.

Hog marketings will continue below a year earlier most of this spring and summer but the margin will gradually diminish. On March 1 hog producers in 9 leading States planned to increase March-May farrowings 1 percent and June-August farrowings 3 percent. These small increases would be reflected in hog slaughter this fall and winter averaging not greatly different from last fall and winter.

Barrow and gilt prices in mid-April were around \$3.00 per 100 pounds above a year ago. Prices will likely continue above a year ago during the summertime rise. Prices this fall will likely decline more than last fall and may reach year-earlier levels.

Slaughter of sheep and lambs is expected to be slightly lower in 1957 than in 1956 and prices will probably average moderately higher.

While meat production in 1957 will be down from 1956, it will be second only to that year. Consumption per person of all meats is forecast at 159 pounds, 8 pounds less than last year. Beef consumption per person is expected to total around 81 pounds and pork 64 pounds. Veal and lamb consumption per person will be close to 1956 rates.

DAIRY

Milk production promises to reach a new high record in 1957, probably around 2 billion pounds above the revised 1956 total of 125.7 billion pounds. The number of milk cows on hand is 1 percent below last year but the rate of milk production per cow is continuing to set new records. This reflects improved quality of milk cows, heavy feeding of concentrates and above average milk-feed price relationships.

The rate of production per cow for the U. S. as a whole has increased 20 percent in the past decade. Among States the increases ranged from 5 percent for Alabama and Oregon to 35 percent for Ohio and Indiana and 37 percent for Florida. During the next decade the increase probably will be at least as large as in the past 10 years.

Prices to farmers for milk and butterfat are likely to be the same as a year earlier the rest of 1957. National support levels are unchanged and continued large production will keep prices at such levels most of the time.

Consumption per person of fluid milk increased slightly in 1956. On the other hand, use of butter and evaporated milk recorded slight reductions. Milk equivalent of all products consumed was 699 pounds compared to 698 in 1955, 732 in 1947-49, and 791 in 1935-39. Per capita production of milk also has declined considerably since the 1930's, though there was some rise in the 1940's.

Price-support purchases have been hovering around those of a year earlier. For the year they may again total the equivalent of around 5 billion pounds of milk, 4 percent of production. From 1949 through 1956, the equivalent of 37 billion pounds of milk was purchased for price support, 4 percent of production in that period. In all, 5,357 million pounds of product (butter, cheese and nonfat dry milk) were distributed. The total cost of the quantities distributed was 1,728 million dollars. The Government realized 328 million dollars from disposal of these products. Hence, the net expenditure in conducting the dairy support program was 1,400 million dollars for the eight-year period.

Sale of animals for slaughter constitutes a major source of gross receipts to dairymen even on specialized dairy farms. Therefore a sizable drop in beef prices has a considerable effect on income of dairy farmers. In fact, from 1952 to 1955 reduced income to dairy farmers from sale of animals for slaughter accounted for considerably more of the decline in actual cash receipts than loss of income from dairy products. A rise in beef prices, which is likely in the next few years, may bring about somewhat closer culling of milking herds which will increase average productivity.

EGGS AND POULTRY

Hatchery output of laying flock replacement chicks through March was 24 percent below last year, and on April 1 the number of eggs in incubators was 18 percent below the corresponding 1956 date. These reductions are sharp

enough so that they are unlikely to be offset by any increases later in the hatching season and the laying flock in the last 3 months of the year will include fewer pullets than in 1956. (In 1956, more than 60 percent of the year's replacement chicks were hatched before the end of April.) Egg production in the last quarter of the year will be smaller than in 1956, even if more hens are retained or if the expected increase in rate of lay per bird occurs. Egg prices are likely to be above a year earlier after late summer.

Egg prices remained sharply below 1956 well into April. The mid-March U.S. average price received by farmers was 30.6 cents. As is common in the weeks preceding Easter, prices rose noticeably, with white eggs rising more than brown. In April and May 1956, mid-month average prices had been respectively 38.5 and 37.5 cents per dozen.

In late April the Department of Agriculture shifted its egg purchase program from shell eggs to dried egg. Purchases, totalling 1.5 million pounds in the 4 weeks ending April 19, are for use in the School Lunch Program next fall.

Broiler supplies continue high, though recent increases over a year earlier in chick placements and egg settings in incubators have become progressively smaller. During May, marketings will be from placements generally about 5 to 10 percent above a year earlier, but March settings of eggs in incubators, the basis for June marketings, were barely at last year's level.

Turkey hatchings in March were only 3 percent above year-ago levels, after 43 and 15 percent increases of January and February. In March, hatchings of light-breed and bronze turkeys were respectively 4 and 7 percent above last March, while heavy white hatchings were down 16 percent. The overall increase was 3 percent for the month. April 1 eggs in incubators were respectively -4, +9 and -21 percent different from a year ago, indicating an overall increase of +3 percent in the April hatch. About half the turkeys raised in 1956 were hatched in April or earlier. The cumulative increase indicated through that month this year is about 8 percent. This is slightly below farmers' January intentions, but still would provide a record crop for slaughter this year in addition to the large carryover now in storage.

OILSEEDS, FATS, AND OILS

Farm prices of soybeans during mid-March to mid-April remained relatively stable at a level slightly above the support rate of \$2.15 per bushel. Stocks of soybeans on farms on April 1 totaled a record 116 million bushels, nearly double a year earlier. Crushings and exports are expected to continue at a record pace and will absorb most of the huge 1956 crop. Unless new demand develops, farm prices of soybeans probably will continue at about present levels and slightly above support.

Most of the carryover of soybeans next October 1 probably will be held by the Government. About 55 million bushels were under loan in mid-March and a substantial portion of this probably will be acquired by CCC when loans mature

on May 31. However, part of that taken over will move into trade channels during the summer if crushings and exports continue as large as now expected.

Prices of edible oils through the rest of the crop year are likely to be maintained near present levels. Prices this spring will probably be lower than last spring when they advanced to a seasonal high in May.

Exports of cottonseed and soybean oils and the oil equivalent of soybeans in 1956-57 probably will total about 2 billion pounds compared with last year's record of 1.9 billion pounds. Nearly 60 percent of the edible oils (not including soybeans) is expected to move out under P.L. 480 and ICA programs.

Early season prospects point to continued high production of food fats and oils in the 1957-58 marketing year. Output of lard is expected to increase, cottonseed oil to decline and butter to remain near this year's level. Total supplies of soybeans (including carryover of soybeans) in 1957-58 are expected to be somewhat larger than in 1956-57.

Farmers had placed more than 17 million bushels of 1956 crop flaxseed, equal to nearly 36 percent of the crop, under the support program by the January 31 deadline. They have through April 30 to redeem loans or make deliveries to CCC under purchase agreements. Little is likely to be redeemed since prices are likely to remain slightly below support. The volume under support is about the same as the estimated crop year surplus. Commercial and farm use is expected to absorb about 32 million bushels of the 49 million bushel crop.

Commercial stocks of flaxseed at the beginning of the present crop year were 4 million bushels and are not likely to increase. The lower support price for the 1957 crop and the prospects of another large crop will tend to encourage crushers of flaxseed and users of linseed oil to reduce their inventories to a minimum this spring. Commercial exports through June will continue small because of increased exportable supplies in other countries, and the relatively high price of domestic flaxseed in relation to world prices. It is estimated CCC will acquire about 16 million bushels of flaxseed now under support.

Disposition of any 1956 crop flaxseed taken over by CCC will begin as stocks are acquired following the April 30 maturity date for loans and purchase agreements. Limited quantities of flaxseed will be offered periodically for export sale, which may be crushed in the U. S., provided all of the linseed oil produced is exported. The linseed meal may be exported or sold for domestic use. Flaxseed will also be offered for domestic sale, basis in store, for unrestricted use until October 1, 1957, at the higher of the market price or the 1956 support rate at point of storage, plus carrying charges of 1.5 cents per bushel for each month beginning May 1. This pricing will be reappraised after October 1.

Tung oil output for the current marketing year probably will total around 30 million pounds, up sharply from a year earlier when production was

negligible due to freeze damage to the 1955 crop. Through mid-April, producers had placed 18 million pounds or about 60 percent of the estimated output under support. Loans and purchase agreements are available through June 30.

Beginning stocks of tung oil on November 1 were 13 million pounds. Consequently, production plus stocks in 1956-57 may total about 43 million pounds. Domestic use in the past 5 years has averaged about 50 million pounds. For consumption to be maintained at this level and assuming no change in carryout stocks, about 20 million pounds would need to be imported. Imports from November through February totaled 9.4 million pounds.

Domestic prices of tung oil (southern mills) in mid-April were quoted near the support level. Export price information from the Argentine in mid-April indicated that oil could be brought in from that country at prices below U. S. support levels. The President on March 22 requested the Tariff Commission to make an immediate investigation of the effects of importation of tung oil on the domestic price support program for tung nuts and oil under Section 22 of the Agricultural Adjustment Act, as amended. The Tariff Commission has announced a public hearing for May 2.

FEED

Another large supply of feed grains and other concentrates is in prospect for 1957-58, although supplies may show a small decline from the previous year for the first time since 1952-53. The total acreage of feed grains in prospect for 1957 is slightly larger than in 1956. But the prospective cut of 4 million acres in corn and 1 million in oats from 1956 may have a greater effect on the total tonnage of feed grains produced than the sharp increase in acreage of barley and sorghum grains. With 1951-55 average yields by States on the 1957 prospective acreages, production of feed grains this year would total about 119 million tons, about 10 million less than in 1956, when corn and barley yields were at record levels. The carryover of feed grains into 1957-58, however, is expected to increase to a new record of around 50 million tons, 7 million more than in 1956-57. Another large supply of high protein feeds also is in prospect, probably at least equal to the supply this year. The total supply of all feed concentrates for 1957-58, based on these early indications, would be only about 2 percent below the 1956-57 record of 200 million tons.

The prospective reduction of 5 percent in corn to 74 million acres continues the downward trend of the past 25 years. This would be about a third below the all time high reached in the 1930's and would bring corn acreage back to the level reached in the 1880's when corn was expanding. The lower acreage this year reflects the influence of the Soil Bank Program in the Corn Belt, as well as a continued downward trend in the South. Through April 5 farmers had signed agreements placing 5.3 million acres of corn under the Acreage Reserve Program, with heaviest participation in the Western Corn Belt.

Farmers had placed 362 million bushels of 1956 corn under loan and purchase agreement through March 15, 21 million more than in the same period of 1955-56, while much smaller quantities of the other feed grains have gone under price support. Including the 113 million bushels of old corn resealed on farms and the 875 million bushels owned by CCC, a total of about 1,350 million bushels was owned by CCC or under loan and purchase agreement in mid-March, nearly 200 million more than a year earlier. Receipts of corn at primary markets during October-March were about 38 percent larger than in the same period of 1955-56, and the heaviest for the period since 1950-51. Sales of CCC corn totaled over 150 million bushels during the six months, a sizable proportion of which moved through terminal markets.

Corn prices have made very little seasonal increase so far this marketing year. In the first half of April the price of No. 3 Yellow corn at Chicago averaged \$1.29 per bushel, only 4 cents a bushel above the seasonal low of last October and 14 cents per bushel lower than a year earlier. Corn prices are expected to continue lower this spring and summer than in the same period of 1956. Prices of oats and barley have declined since January, but in early April they were still higher than a year ago. Prices of these grains have been above the 1956 price supports in recent months and also well above the recently announced 1957 national average support prices. If the 1957 growing season is favorable for these grains, prices probably will decline at least seasonally during the late spring and summer months. Prices of high-protein feeds have been comparatively stable in recent months with most of these feeds averaging somewhat higher than a year earlier. With the record production of soybean meal this year, soybean meal prices continued relatively low in early April, averaging a little lower than in April of 1956.

WHEAT

The 1957 winter wheat crop was forecast at 669 million bushels as of April 1. The first estimate of spring wheat production will be made June 10. Assuming some increase in acreage of durum as a result of the enactment of recent legislation, a slight decrease from intentions in other spring acreage, and average yields, the spring wheat crop would total around 190 million bushels. This together with the 669 million bushels of winter wheat would indicate a total crop of all wheat of about 860 million bushels.

With total disappearance of possibly 950 million bushels (600 domestic and possible exports of 350 million), a reduction of around 85 million bushels from the carryover estimated at about 960 million bushels for July 1, 1957 would be indicated for the end of the 1957-58 marketing year.

The new durum program (Public Law 85-13) is available to farmers in designated counties in California, Minnesota, Montana, North Dakota and South Dakota, where Durum (Class II) was produced in one or more of the

5 years, 1952 through 1956. In these counties, farmers may produce 2 acres of durum for each acre of their farm wheat allotment not planted to other wheat, to the extent of that part of their allotment not signed up under the Acreage Reserve Program. The increase in the allotment is limited to 60 acres.

A wheat crop of 860 million bushels would be 14 percent below the 997 million bushels produced in 1956 and 27 percent below the 1946-55 average of 1,131 million bushels. The reduction results from drought conditions at seeding time in important hard winter wheat States and the removal of acreage under the Soil Bank Acreage Reserve Program. On April 12 farmers had signed up 12.82 million acres of wheat under the 1957 Program. Maximum payments on this acreage would total 233 million dollars. This acreage includes winter wheat agreements signed last fall, less cancellations, plus spring wheat agreements signed through April 12.

Cash wheat prices on April 18 ranged from about 3 cents below the high for the season to date for hard red winter at Kansas City and 9 cents below for hard red spring at Minneapolis to about 22 cents below for soft red winter at St. Louis. The price of soft white at Portland, however, was about at the high for the season to date. Prices at various markets were generally about 2 cents above to 6 cents below the loan for the 1956 crop wheat, except for white wheat at Portland which was 42 cents above the loan.

Through March 15 farmers had placed 251.3 million bushels of 1956-crop wheat under support, which compared with 318.1 a year earlier. With loan withdrawals and deliveries by producers totaling 83.8 million bushels this year, 167.5 million bushels remained under the support program through March 15. In addition, there were 13.1 million bushels of previous crop under resale.

Exports of wheat, including products, July through March totaled about 385 million bushels this year compared with 215 million bushels for the same period last year. Present indications are that exports will total approximately 475 million bushels for the marketing year ending June 30.

RICE

The rice supply of about 82.3 million cwt. for 1956-57 exceeds the previous record of 80.9 million cwt. in 1955-56. Domestic disappearance is expected to total about 25.8 million cwt., which is about average. However, it is well below the 28.4 million cwt. in 1955-56, reflecting a smaller amount ground and sold as feed, a measure undertaken to reduce large supplies.

Greatly increased United States rice exports are possible in 1956-57 because of the disposal of surpluses which had accumulated in other countries.

Through a combination of various programs, all of the rice owned by the CCC prior to the 1956 crop deliveries has been committed for export and domestic use. Depending on availability of shipping, exports during the current marketing year are expected to total about 38.5 million cwt. (rough basis), compared with 17.9 million in 1955-56. On this basis the carryover could be reduced from the 34.6 million cwt. last August to about 18 million cwt. August 1, 1957. Exports August through February this year totaled 21.4 million cwt. (rough basis) compared with 9.0 million cwt. in the same period a year ago.

According to March 1 reports, rice growers plan to reduce planted acreage in 1957 about 10 percent below last year, primarily as a result of participation in the Acreage Reserve Program of the Soil Bank. If these intentions materialize, the 1.44 million acres seeded would be almost 26 percent below the 10-year average and the smallest since 1941. If farmers plant the acreage reported as intended and yields equal to those in 1956 of 29.65 cwt. are obtained, a crop of about 43 million cwt. would be produced. With continued large exports, but probably materially below those of 1956-57, it is expected that some further reduction in carryover may be accomplished by August 1, 1958.

COMMERCIAL VEGETABLES

For Fresh Market

Production of vegetables for fresh market sale is expected to be significantly smaller this spring than last. Early April estimates indicate that aggregate supplies of 18 vegetables for fresh market are likely to be about 8 percent less than in 1956, but 6 percent more than the 1949-55 average. This group last year made up about half of the total spring tonnage. Among the more important items, substantially smaller production is in prospect for early spring broccoli, sweet corn, onions and tomatoes, and slightly less cabbage. On the other hand, substantially larger production is expected for cauliflower, and slightly to moderately larger production for early spring asparagus, cucumbers, lettuce, early- and mid-spring snap beans and spring celery. For other items, larger supplies are likely for early spring green peas and spring eggplant, but smaller supplies of beets, carrots, green peppers, shallots and spinach are expected.

While no production estimates are available, indicated acreage of lima beans is moderately smaller than last spring, while acreage of cantaloups is substantially smaller and acreage of watermelons is moderately larger. Should yields be near the average of recent years, on the indicated acreage, production of lima beans would be significantly larger than in the spring of 1956, cantaloups materially smaller and watermelons about the same.

Demand for vegetables is expected to continue strong, but during the next two or three months many fresh items will continue to face unusually

keen competition with the processed forms. Thus, despite the prospect of smaller supplies of fresh items, prices received by producers during the early spring probably will average about the same as in 1956. Prices in late spring are likely to average below the high levels of a year earlier, when the harvest was delayed by cool weather and slow maturity.

For Processing

During the current marketing season disappearance of most processed vegetables has been at a high level. Nevertheless, because of the large 1956 pack, heavy supplies of both canned and frozen items are still available. Indications are that stocks of corn and tomato juice are much larger than a year earlier, and green peas and tomatoes moderately larger. Stocks of tomato products and most other items, except snap beans, are also larger. The general picture is the same for frozen vegetables. Total cold storage holdings of frozen vegetables on April 1 amounted to 65⁴ million pounds, 20⁴ million pounds more than last year. Biggest increases over a year earlier occurred in green peas, peas and carrots, french fried potatoes, asparagus, cauliflower, mixed vegetables, Brussel sprouts and broccoli.

With larger carryover in prospect at the end of the current marketing season, processors are planning for a smaller pack than in 1956. Intentions reports for 5 vegetables for commercial processing indicate that packers plan to plant or contract about 2 percent less acreage this year than last, and yields are likely to be at least moderately below the high levels of a year earlier. These, of course, are only tentative indications and subject to change.

POTATOES AND SWEETPOTATOES

Larger supplies of potatoes are in prospect this spring than last. The quantity of table-stock potatoes remaining from 1956 fall production appears to be significantly larger than a year earlier. In addition, prospective production of potatoes for early spring harvest is up 7 percent, and indications are that acreage for late spring harvest is up moderately. With larger supplies in prospect, prices received by potato growers are expected to average lower this spring than in the corresponding months of 1956. The March 1 Intentions Report indicates that growers of potatoes for late summer and fall harvest plan to plant 2 percent less acreage than last year. However, even with such an acreage, yields near the average of recent years would result in a production larger than needed to satisfy anticipated requirements.

Supplies of sweetpotatoes are substantially smaller, and prices to producers materially higher than at this time last year. Intentions reports indicate that supplies are likely to continue relatively small in the 1957-58 season. Producers plan to plant 3 percent less acreage in 1957. If yields should be near the 1953-56 average, production would be moderately to substantially below that of 1956.

FRUIT

Continued strong demand for fruit by consumers is in prospect for this spring and summer. For exports, the outlook is that the total volume of fresh and processed fruits will be much the same as the increased volume of last spring and summer. The level of prices for most fruits this spring probably will continue above a year earlier.

Deciduous fruit trees and vines in most areas have come through the winter in good condition. Freeze damage to trees and buds has been reported in only scattered locations. Current prospects are favorable for the usual supplies of early-season fruits.

The 1957 crop of strawberries in the early-spring States (Louisiana, Alabama and Texas), which will be harvested mostly during April and early May, is estimated to be about 19 percent smaller than the 1956 crop. Acreage in the mid-spring States is up 7 percent this year. On April 1, 1957 cold-storage holdings of apples were lighter than a year earlier, mainly because of smaller stocks in New England, New York and Washington. Prices for apples of good stock at important shipping points tended to increase in late March and early April. Prices during the past winter have averaged considerable above a year earlier. Stocks of pears on April 1 were heavier than a year earlier. With the end of the marketing season near, they comprised only a small percentage of the 1956 crop. Weekly average prices for winter pears on the principal auctions held fairly steady during late March and early April at levels not greatly different from a year earlier. However, for the season to date, prices have averaged moderately higher than a year earlier.

Approximately 32 million boxes of Florida Valencia oranges, 2.4 million more than a year earlier, remained to be marketed after April 13, 1957. Although movement of oranges to fresh markets was well maintained during March, movement to processors declined as harvest of the mid-season crop was nearing completion and as volume movement of the Valencias awaited desired maturity for processing. Movement of Valencias to freezers and canners is expected to increase during April and run heavy during May and June. Movement of oranges to processors by April 13 of the 1956-57 season was 5 percent larger than a year earlier, but movement to fresh markets was about 7 percent smaller. Prices for Florida oranges at shipping points declined slightly during March and early April, dropping to a level a little under a year earlier. Likewise, prices for oranges for making into frozen concentrate declined during late March and early April continuing somewhat under a year earlier. With the resumption of heavy buying by makers of frozen concentrate, prices of oranges both for concentrate and fresh market shipment probably will increase again. Even so, a sharp rise like that of last spring is not expected. Auction prices for California oranges in late March tended to average a little under a year earlier despite somewhat lighter shipments. But in early April they averaged higher than a year previously, when they dropped sharply. Remaining supplies of California Navel oranges are about as large as a year ago.

About 4.6 million boxes of Florida grapefruit, 13 percent of the crop, remained to be marketed after April 13. This was about 32 percent less than a year earlier, when the crop was moderately larger. Prices for Florida white grapefruit at shipping points have declined considerably since January 1, but have continued to average substantially higher than a year earlier. Although prices for pink seedless grapefruit also declined somewhat, they have since returned to the level of January 1. Utilization of Florida grapefruit for processing has been slightly larger than a year ago, but fresh market use has been somewhat lighter.

Output of Florida frozen orange concentrate by April 6 was nearly 42 million gallons, 9 percent larger than a year earlier. Stocks held by Florida packers were up 31 percent. The pack of canned single-strength orange juice was up 5 percent and stocks were up 24 percent. In contrast, the pack of canned grapefruit juice was down 3 percent and stocks were about the same as a year earlier, down 2 percent. Moreover, the pack of canned grapefruit sections was down 6 percent and stocks were down 14 percent. Movement of frozen orange concentrate has been slightly larger so far this season than last, while that of canned orange juice has been a little smaller.

COTTON

Disappearance of U. S. cotton during the 1956-57 marketing year is now expected to total about 15.8 million bales, about 4.4 million more than in the preceding season. Exports may be a little more than 7 million bales compared with 2.2 million last season while the estimated domestic mill consumption of 8 3/4 million will fall below the 1955-56 total of 9.2 million.

The carryover next August 1 is expected to drop about 2 $\frac{1}{2}$ million bales from the 14 $\frac{1}{2}$ million on hand a year earlier. This will be the first reduction in stocks since 1951.

Domestic mill consumption of cotton during the period from July 29, 1956 through March 31, 1957 totaled 6.0 million bales, compared with 6.3 million during the same period approximately a year earlier. It is likely to continue below a year earlier through the rest of 1956-57 since the ratio of stocks to unfilled orders for gray goods at mills continued to increase through January.

Consumption of cotton per capita in the United States in 1956 was about 26.0 pounds. This was 0.5 pounds less than in 1955 but was still higher than the 1954 level. Consumption of manmade fibers declined even more, down about 1.2 pounds from the 11.2 pounds of 1955. All of the decrease in man-made fibers occurred in rayon and acetate as consumption of the non-cellulosic manmade fibers increased.

Exports of cotton from August 1, 1956 through February 1957 were about 4.6 million running bales, compared with 0.8 million a year earlier

and the 1955-56 total of 2.2 million bales. Trade reports indicate that exports continued at a high level in March.

As of April 2, 1957 sales of CCC stocks for export between August 1, 1956 and August 15, 1957 totaled 7.3 million bales. An export program for the 1957-58 season was announced on February 19. Sales under this program were made on March 19 and April 2 when 1.0 million bales were sold. The average price for Middling, 1-inch cotton at average location was 27.47 and 27.31 cents per pound, respectively. These prices were close to the average price for sales under the 1956-57 program on the same dates of 27.42 and 27.58 cents. Cotton exported under the 1957-58 program must be shipped after August 15, 1957, within 9 months of the delivery of the cotton or warehouse receipts by CCC to the purchaser and no later than August 1, 1958.

As of April 5 about 3 million acres had been placed in the cotton acreage reserve for the 1957 crop. Prior to March 1 the maximum limitation on cotton acreage placed in the acreage reserve was 10 acres or 30 percent of the farm acreage allotment, whichever was larger. On March 1 it was announced that those growers who had expressed a wish to do so could place additional acres over and above these limitations in the acreage reserve but the sign-up was to be completed by March 11.

In view of the acreage reserve commitments, the acreage harvested for cotton is likely to be at least 3 million acres smaller than the acreage allotment for the entire country of 17.6 million.

On February 9 the minimum price support level for the 1957 crop of upland cotton was announced at 28.15 cents per pound for Middling 7/8 inch cotton at average location. This compares with 29.34 cents for the 1956 crop. The 1957 minimum support level was based on 77 percent of the mid-January parity price. This level will be increased if a combination of the parity price on August 1, 1957 and the supply percentage as of that date indicate a higher level of support. However, it will not decline below the 28.15 cents already announced.

WOOL

Wool prices in early April, when the 1957 domestic wool marketing season opened, were considerably higher than a year earlier in domestic and foreign markets. Most advances were within a range of 10 to 30 percent. Advances for fine wools were much greater than for other wools. Mid-March average of prices received by domestic producers for shorn wool was 21 percent higher than a year earlier. Wool prices advanced over the past year even though supplies increased indicating a strengthening of world demand.

Producers this year, in addition to their returns from current marketings, will receive Government payments under the 1956 incentive program on their marketings of wool and unshorn lambs during the 1956 domestic marketing

season (April 1, 1956-March 31, 1957). The rates of payment will be based on the percentage needed to bring the average return per pound of shorn wool up to the incentive level of 62 cents. Average of prices received during first 10 months of the 1956 season is tentatively estimated at 42.7 cents. Preliminary averages for February and March, the last two months of the season, are 47.5 and 48.7 cents, respectively.

Payments under the 1957 program on marketings of wool and unshorn lambs for the current season (April 1, 1957-March 31, 1958) will be made next year. The incentive level remains unchanged at 62 cents. The rates of payment will be computed as under the 1955 and 1956 programs.

Production of shorn wool in the United States last year is now estimated at 232 million pounds, 1 percent less than in 1955. A further slight decline is likely this year; the number of stock sheep and lambs early this year was down 2 percent from a year earlier. Changes in sheep numbers and shorn wool production over the last 5 years have been slight, with an increase in the Native or fleece wool States offsetting only part of a decline in the Western sheep States. About 40 million pounds of pulled wool were produced last year, in addition to shorn wool. The quantity pulled was about 4 percent less than in 1955. Combined output of shorn and pulled wool was equivalent to about 132 million pounds, scoured basis, about 2 percent less than in 1955.

The rate of domestic mill use of both apparel and carpet wool dropped below a year earlier last November and continued below a year earlier through February, the latest month for which information is available. The average weekly rate of consumption of apparel wool during the first two months of 1957 was 13 percent below a year earlier. The rate for carpet wool was down 6 percent. Domestic mill use of wool during 1956 is now estimated to have been 6 percent above 1955 and 15 percent above 1954. Apparel wool increased 5 and 11 percent, respectively, and carpet wool 8 and 26 percent, respectively.

World consumption of wool during 1956 is tentatively estimated to have been about 8 percent larger than in 1955 and 11 percent larger than in 1954. Last year's total consumption was a little larger than production. Use during the final quarter of 1956 was about 9 percent above a year earlier.

TOBACCO

The 1957 output of cigarettes, the leading outlet for flue-cured, burley, and Maryland tobacco, is expected to be higher than the 424 billion turned out in 1956 and will probably top the 1952 record of 435½ billion. The 1957 consumption of cigars seems likely to be a little above the 6.2 billion level of last year. The consumption of smoking tobacco (in pipes and "roll-your-own" cigarettes) and of chewing tobacco may decline further. Both have been trending downward with a particularly sharp drop in smoking tobacco from 1955 to 1956. Snuff consumption is expected to remain fairly stable.

In the current marketing year, preliminary indications are that domestic use of flue-cured, burley, and Maryland tobacco will not be markedly different than in 1955-56. This is in spite of the increase in cigarette manufacture. In recent years, the amount of leaf tobacco used in cigarettes has become more variable. Most filter brands, reported to be still expanding in production and use, require less tobacco than either regular or king size, nonfilter tip brands. This plus the use of tobacco sheet and stems, and improvements in processing techniques and machinery are enabling manufacturers to turn out more cigarettes from a given quantity of leaf tobacco.

Supplies of flue-cured for 1956-57 are at a peak but burley supplies are a little lower than last year and 3 percent below the 1954-55 peak. The prospective 1957 acreage for flue-cured is nearly one-fourth less than in 1956 and for burley, almost as much as in 1956. Acreage allotments for flue-cured are one-fifth lower than last year but for burley, almost the same as in 1956. About 45,600 acres of flue-cured and 6,700 acres of burley have been placed in the Soil Bank program or 6 and 2 percent of the acreage allotments, respectively. It is estimated that the total supply of flue-cured for 1957-58 will be about 7 percent below the record 1956-57 level and also, the burley supply may be down a little.-

The supply of Maryland tobacco is up a little from a year ago. The auctions for the 1956 crop of this type will begin April 30. The average price for the 1955 crop (marketed mostly in 1956) was 49.8 cents per pound. The Government price support level applicable to the season about to start is 47.0 cents per pound. The 1957 acreage of Maryland tobacco may be down about one-tenth from last year. A sizable acreage was placed in the Soil Bank program.

The 1956-57 total supply of fire-cured tobacco is the largest in 6 years. Prospective acreage this year is down almost one-fifth and the 1957-58 supply probably will be down moderately. The 1956-57 total supply of dark air- and sun-cured is at a postwar high. Prospective acreage of the dark air-cured is 17 percent below that harvested in 1956. Total supply for 1957-58 is not likely to differ much from 1956-57 because of the probable increase in carryover. The Soil Bank program contributed to reductions in acreages of fire-cured and dark air-cured tobaccos.

The 1956-57 supply of all cigar binder types combined is below any previous year and the 1957-58 supply is likely to be still lower. Manufactured or processed binder sheet continues to expand as a substitute for natural leaf binders. Growers of Connecticut Valley binder again placed a relatively substantial acreage in the Soil Bank program, as in 1956.

The calendar year 1956 exports of unmanufactured tobacco totaled about 575 million pounds (farm-sales weight)--equivalent to about one-fourth of the 1956 crop. Over four-fifths of the tobacco exports was flue-cured. Total exports in 1956 were about $5\frac{1}{2}$ percent lower than in 1955. Some further decline seems likely this year.

ECONOMIC FACTORS AFFECTING AGRICULTURE, 1929, 1932 AND 1939-56

Item	Unit or base	1929	1932	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	p 1956
Industrial production 1/																					
Total	:1947-49=100:																				
All manufactures	do.	59	31	58	67	87	106	127	125	107	90	100	104	97	112	120	124	134	125	139	143
Durable goods	do.	58	30	57	66	88	110	133	130	110	90	100	103	97	113	121	125	136	127	140	144
Nondurable goods	do.	60	19	49	63	91	126	162	159	123	86	101	104	95	116	128	136	153	137	155	159
Minerals	do.	56	42	66	76	84	93	103	99	96	95	99	102	99	111	114	114	118	116	126	129
Total outlay for new construction 2/	do.	68	42	68	76	81	84	87	93	92	91	100	106	94	105	115	114	116	111	122	129
Residential	do.																				
Total civilian employment 3/	do.																				
Nonagricultural	do.	10.8	3.5	8.2	8.7	12.0	14.1	8.3	5.3	5.6	12.0	16.7	21.7	22.8	28.5	31.2	33.0	35.3	37.8	43.0	44.3
Unemployed	do.	3.6	.6	2.7	3.0	3.5	1.7	.9	.8	1.1	4.0	6.3	8.6	8.3	12.6	11.0	11.1	11.9	13.5	16.6	15.3
Income:																					
Nonagricultural	do.																				
Payments 2/ 4/ #	do.	77.7	46.9	67.1	72.6	88.0	111.5	137.6	151.6	156.8	161.1	172.8	188.5	190.8	210.5	235.7	253.1	269.2	271.4	290.9	310.0
Production-worker payrolls 5/	do.	35.0	14.8	29.9	34.0	49.3	72.2	99.0	102.8	87.8	81.2	97.7	105.1	97.2	111.7	129.8	136.6	151.4	137.7	152.5	161.1
Weekly earnings of production workers in manufacturing 5/	do.																				
Durable	do.	25.03	17.05	23.86	25.20	29.58	36.65	43.14	46.08	44.39	43.82	49.97	54.14	54.92	59.33	64.71	67.97	71.69	71.86	76.52	80.19
Nondurable	do.	27.22	16.21	26.50	28.44	34.04	42.73	49.30	52.07	49.05	46.49	52.46	57.11	58.03	63.32	69.47	73.46	77.23	77.18	83.21	86.31
Agricultural trade 6/	do.	22.93	17.57	21.78	22.27	24.92	29.13	34.12	37.12	38.29	41.14	46.96	50.61	51.41	54.71	58.46	60.98	63.60	64.74	68.06	71.68
Domestic exports	do.																				
Imports for consumption	do.																				
Prices:																					
Wholesale prices, all commodities 5/	do.	62	42	50	51	57	64	67	68	69	79	96	104	99	103	115	112	110	110	111	114
Commodities other than farm and food	do.																				
Farm	do.	66	50	58	59	64	68	69	70	71	78	95	103	101	105	116	113	114	114	117	122
Food, processed	do.	59	27	36	38	46	59	68	69	72	83	100	107	93	98	113	107	97	96	90	88
Prices received by farmers 1/	do.	58	36	43	44	50	59	62	60	61	78	98	106	96	100	111	109	105	105	102	102
Crops	do.	148	65	95	100	124	159	193	197	207	236	276	287	250	258	302	288	258	249	236	236
Livestock and products	do.	135	57	82	90	108	145	187	199	202	228	263	255	224	233	265	268	242	242	237	242
Prices paid, interest, taxes and wage rates 1/	do.	159	72	107	109	138	171	198	196	211	242	288	315	272	280	336	306	272	255	236	230
Items used in living	do.	160	112	123	124	133	152	171	182	190	208	240	260	251	256	282	287	279	281	281	286
Items used in production	do.	154	106	120	121	130	149	166	175	182	202	237	251	243	246	268	271	270	274	273	278
Parity ratio	do.	146	99	121	123	130	148	164	173	176	191	224	250	238	246	273	274	253	252	249	249
Consumer price index 5/	do.	92	58	77	81	93	105	113	108	109	113	115	110	100	101	107	100	92	89	84	83
Food	do.	73	58	59	60	63	70	74	75	77	83	96	103	102	103	111	114	114	115	114	116
Government purchases of goods and services 2/ 8/ #	do.	66	43	47	48	52	61	68	67	69	79	96	104	100	101	113	115	113	113	111	112
Federal (less Government sales)	do.																				
State and local	do.	8.5	8.1	13.3	14.1	24.8	59.7	88.6	96.5	82.9	30.9	28.6	36.6	43.6	42.0	62.8	77.5	84.4	76.5	76.8	79.8
1/ Federal Reserve Board.																					
2/ U. S. Department of Commerce.																					
3/ U. S. Department of Labor for years 1929-39. From 1940 to date, Bureau of the Census.																					
4/ Monthly totals seasonally adjusted at annual rates.																					
5/ U. S. Department of Labor, Bureau of Labor Statistics.																					
6/ U. S. Department of Agriculture, Foreign Agricultural Service.																					
7/ U. S. Department of Agriculture, Agricultural Marketing Service.																					
8/ Quarterly totals seasonally adjusted at annual rates.																					

p Preliminary. # Revised series.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

OFFICIAL BUSINESS

NOTICE

: If you no longer need this
: publication, check here ☐
: return this sheet, and your name
: will be dropped from the mailing
: list.
:
: If your address should be changed,
: write the new address on this sheet
: and return the whole sheet to:
:
: Administrative Services Division (ML)
: Agricultural Marketing Service
: U. S. Department of Agriculture
: Washington 25, D. C.